

**Low-Income Housing Credit
Allocation Certification**

► **Do not file separately. The building owner must attach Form 8586,
Form 8609, and Schedule A (Form 8609) to its Federal income tax return.**

Part I Allocation of Credit—Completed by Housing Credit Agency OnlyCheck if: ☐ Addition to Qualified Basis ☐ Amended Form

A Address of building (do not use P. O. box)(see instructions)	B Name and address of housing credit agency
C Name, address, and TIN of building owner receiving allocation	D Employer identification number of agency
TIN ►	E Building identification number (BIN)

1a Date of allocation ►	b Maximum housing credit dollar amount allowable	1b	
2 Maximum applicable credit percentage allowable		2	%
3a Maximum qualified basis		3a	
b Check here ► <input type="checkbox"/> if the eligible basis used in the computation of line 3a was increased under the high-cost area provisions of section 42(d)(5)(C). Enter the percentage to which the eligible basis was increased (see instructions)		3b	1 _ _ %
4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)		4	%
5 Date building placed in service ►			
6 Check the box that describes the allocation for the building (check one only):			
a <input type="checkbox"/> Newly constructed and federally subsidized	b <input type="checkbox"/> Newly constructed and not federally subsidized	c <input type="checkbox"/> Existing building	
d <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures federally subsidized	e <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures not federally subsidized		

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined Part I of this form and to the best of my knowledge and belief, the information is true, correct, and complete.

► Signature of authorized official ► Name (please type or print) ► Date

Part II First-Year Certification—Completed by Building Owner for First Year of Credit Period Only

7a Date building placed in service ►	b Eligible basis of building (see instructions)	7b	
8a Original qualified basis of the building at close of first year of credit period		8a	
b Is the building part of a multiple building project?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
b Do you elect to reduce eligible basis by disproportionate costs of non-low-income units (section 42(d)(3))?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
10 Check the appropriate box for each election:			
a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))		<input type="checkbox"/> Yes	<input type="checkbox"/> No
b Elect not to treat large partnership as taxpayer (section 42(j)(5))		<input type="checkbox"/> Yes	
c Elect minimum set-aside requirement (section 42(g)) (see instructions)	<input type="checkbox"/> 20-50 <input type="checkbox"/> 40-60	<input type="checkbox"/> 25-60 (N.Y.C. only)	
d Elect deep-rent-skewed project (section 142(d)(4)(B)) (see instructions)		<input type="checkbox"/> 15-40	

Note: A separate **Schedule A (Form 8609)**, Annual Statement, for each building must be attached to the corresponding Form 8609 for each year of the 15-year compliance period.

Caution: Read the instructions under **Signature** (page 4) **before** signing this part.

Under penalties of perjury, I declare that the above building continues to qualify as a part of a qualified low-income housing project and meets the requirements of Internal Revenue Code section 42 and that the qualified basis of the building has ► ☐ has not ► ☐ decreased for this tax year. I have examined this form and attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

► Signature ► Taxpayer identification number ► Date

► Name (please type or print)

Recapture of Low-Income Housing Credit► **Attach to your return.**

OMB No. 1545-1035

Note: Complete a separate Form 8611 for each building to which recapture applies.Attachment
Sequence No. **90**

A Name(s) shown on return		B Identifying number
C Address of building (as shown on Form 8609)	D Building identification number (BIN)	E Date placed in service (from Form 8609)
F If building is financed in whole or part with tax-exempt bonds, see instructions and furnish:		
(1) Issuer's name		(2) Date of issue
(3) Name of issue		(4) CUSIP number

Note: If recapture is passed through from a flow-through entity (partnership, S corporation, estate, or trust), skip lines 1 – 7 and go to line 8.

1 Enter total credits reported on Form 8586 in prior years for this building.	1	
2 Credits included on line 1 attributable to additions to qualified basis (see instructions) . . .	2	
3 Credits subject to recapture. Subtract line 2 from line 1	3	
4 Credit recapture percentage (see instructions)	4	
5 Accelerated portion of credit. Multiply line 3 by line 4	5	
6 Percentage decrease in qualified basis. Express as a decimal amount carried out to at least 3 places (see instructions)	6	
7 Amount of accelerated portion recaptured. Multiply line 5 by line 6. Section 42(j)(5) partnerships, go to line 13. All other flow-through entities (except electing large partnerships), enter the result here and enter each recipient's share on the appropriate line of Schedule K-1. Generally, flow-through entities other than electing large partnerships will stop here. (Note: An estate or trust enters on line 8 only its share of recapture amount attributable to the credit amount reported on its Form 8586.)	7	
8 Enter recapture amount from flow-through entity.	8	
9 Enter accelerated portion of the unused credit attributable to this building (see instructions) .	9	
10 Net recapture. Subtract line 9 from line 7 or line 8. If less than zero, enter -0-	10	
11 Enter interest on the line 10 recapture amount (see instructions)	11	
12 Total recapture. Add lines 10 and 11. Enter here and on the appropriate line of your tax return. If more than one Form 8611 is filed, add the line 12 amounts from all forms and enter the total on the appropriate line of your return. Electing large partnerships, see instructions	12	

Only Section 42(j)(5) partnerships need to complete lines 13 and 14.

13 Enter interest on the line 7 recapture amount (see instructions).	13	
14 Total recapture. Add lines 7 and 13 (see instructions)	14	

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Use this form if you must recapture part of the low-income housing credit you took in previous years because:

- The qualified basis of a building decreased from one year to the next, or
- You disposed of the building or an ownership interest in it, and you did not post a satisfactory bond or pledge eligible U.S. Treasury securities as collateral. For details on how to avoid recapture on a building disposition, see section 42(j)(6); **Form 8693**, Low-Income Housing Credit Disposition Bond; and Rev. Proc. 99-11, 1999-2 I.R.B. 14.

Note: If the decrease in qualified basis is because of a change in the amount for which you are financially at risk on the building, then you must first recalculate the amount of credit taken in prior years under section 42(k) before you calculate the recapture amount on this form.

To complete this form you will need copies of the following forms that you have filed:

Form 8586, Low-Income Housing Credit (and **Form 3800**, General Business Credit, if applicable); **Form 8609**, Low-Income Housing Credit Allocation Certification; **Schedule A (Form 8609)**, Annual Statement; and Form 8611.**Note:** Flow-through entities must give partners, shareholders, and beneficiaries the information that is reported in items C, D, E, and F of Form 8611.

Generally, recapture applies if:

- You dispose of a building or an ownership interest in it;
- There is a decrease in the qualified basis of the building from one year to the next; or
- The building no longer meets the minimum set-aside requirements of section 42(g)(1), the gross rent requirement of section 42(g)(2), or the other requirements for the units which are set aside.

However, recapture **does not** apply if:

- You disposed of the building or an ownership interest in it and you posted a satisfactory bond or pledged eligible U.S.

Treasury securities as collateral (for details, see section 42(j)(6); Form 8693; and Rev. Proc. 99-11);

- You disposed of an ownership interest in a building that you held through an electing large partnership;
- The decrease in qualified basis does not exceed the additions to qualified basis for which credits were allowable in years after the year the building was placed in service;
- You correct a noncompliance event within a reasonable period after it is discovered or should have been discovered;
- The credit did not reduce your tax liability (but you must adjust the allowable general business credit carryback and carryforward); or
- The qualified basis is reduced because of a casualty loss, provided the property is restored or replaced within a reasonable period.

Recordkeeping Requirements

To verify changes in qualified basis from year to year, you must keep, for 3 years after the 15-year compliance period ends, a copy of all Forms 8586, 8609, Schedule A (Form 8609), 8611, and 8693.

Specific Instructions

Note: If recapture is passed through from a flow-through entity (partnership, S corporation, estate or trust), skip lines 1–7 and go to line 8.

Item F. If the building is financed with tax-exempt bonds, furnish the following information: **(1)** name of the entity that issued the bond (not the name of the entity receiving the benefit of the financing); **(2)** date of issue, generally the first date there is a physical exchange of the bonds for the purchase price; **(3)** name of the issue, or if not named, other identification of the issue; and **(4)** CUSIP number of the bond with the latest maturity date. If the issue does not have a CUSIP number, enter "None."

Line 1. Enter the total credits claimed on the building for all prior years from Part I, Form 8586 (before reduction due to the tax liability limit). No credit may be claimed in the year of recapture. See Part I of Form(s) 8586 you have filed. **Do not** include credits taken by a previous owner.

Line 2. Determine the amount to enter on this line by completing a separate **Line 2 Worksheet** (below) for each prior year for which line 7 of Schedule A (Form 8609) was completed.

Line 4. Enter the credit recapture percentage, expressed as a decimal carried to at least 3 places, from the table below:

IF the recapture event occurs in . . .	THEN enter on line 4 . . .
Years 2 through 11333
Year 12267
Year 13200
Year 14133
Year 15067

Line 6. Enter the percentage decrease in qualified basis from the close of the previous year to the close of the current year.

For this purpose, figure qualified basis without regard to any additions to qualified basis after the first year of the credit period. Compare any decrease in qualified basis first to additions to qualified basis. Recapture applies only if the decrease in qualified basis

exceeds additions to qualified basis after the first year of the credit period.

If you disposed of the building or an ownership interest in it and did not post a bond, you must recapture all of the accelerated portion shown on line 5. Enter 1.000 on line 6.

Note: If the decrease causes the qualified basis to fall below the minimum set-aside requirements of section 42(g)(1) (the 20-50 test or the 40-60 test), then 100% of the amount shown on line 5 must be recaptured. Enter 1.000 on line 6. If you elected the 40-60 test for this building and the decrease causes you to fall below 40%, you **cannot** switch to the 20-50 test to meet the set-aside requirements. You must recapture the entire amount shown on line 5.

Line 9. Multiply the unused credits attributable to this building by the decimal amount on line 4 and enter the result on line 9. Reduce the amount of any unused credit by the amount of recapture before claiming any carryforward of the low-income housing credit on Form 3800. See the separate Instructions for Form 3800 for details on the carryforward of unused credits.

Special rule for electing large partnerships. Enter zero on line 9. An electing large partnership is treated as having fully used all prior year credits.

Line 11. Compute the interest separately for each prior tax year for which a credit is being recaptured. Interest must be computed at the **overpayment rate** determined under section 6621(a)(1) and compounded on a daily basis from the due date (not including extensions) of the return for the prior year until the earlier of **(a)** the due date (not including extensions) of the return for the recapture year, or **(b)** the date the return for the recapture year is filed and any income tax due for that year has been fully paid.

Tables of interest factors to compute daily compound interest were published in Rev. Proc. 95-17, 1995-1 C.B. 556. The annual interest rate in effect and the corresponding page number in 1995-1 C.B. for periods through March 31, 1999, are shown in Rev. Rul. 98-61, 1998-51 I.R.B. 8. For periods after March 31, 1999, use the overpayment rate under section 6621(a)(1) in the revenue rulings published quarterly in the Internal Revenue Bulletin.

Note: If the line 8 recapture amount is from a section 42(j)(5) partnership, the partnership will figure the interest and include it in the recapture amount reported to you. Enter "-0-" on line 11 and write "Section 42(j)(5)" to the left of the entry space for line 11.

Line 12. Special rule for electing large partnerships. Subtract the current year credit, if any, shown on Form 8586, line 7, from the total of the line 12 amounts from all Forms 8611. Enter the result (but not less than zero) on Form 1065-B, Part I, line 26.

Note: You must also reduce the current year low-income housing credit, before entering it on Schedules K and K-1, by the amount of the reduction to the total of the recapture amounts.

Lines 13 and 14. Only section 42(j)(5) partnerships complete these lines. This is a partnership (other than an electing large partnership) that has at least 35 partners, unless the partnership elects (or has previously elected) not to be treated as a section 42(j)(5) partnership. For purposes of this definition, a husband and wife are treated as one partner.

For purposes of determining the credit recapture amount, a section 42(j)(5) partnership is treated as the taxpayer to which the low-income housing credit was allowed and as if the amount of credit allowed was the entire amount allowable under section 42(a).

See the instructions for line 11 to figure the interest on line 13. The partnership must attach Form 8611 to its Form 1065 and allocate this amount to each partner on Schedule K-1 (Form 1065) in the same manner as the partnership's taxable income is allocated to each partner.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 6 hr., 56 min.

Learning about the law or the form1 hr., 5 min.

Preparing and sending the form to the IRS 1 hr., 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the IRS at the address listed in the instructions for the tax return with which this form is filed.

Line 2 Worksheet

a Enter the amount from line 10, Schedule A (Form 8609). . . .	a	
b Multiply a by 2	b	
c Enter the amount from line 11, Schedule A (Form 8609). . . .	c	
d Subtract c from b	d	
e Enter decimal amount figured in step 1 of the instructions for line 14, Schedule A (Form 8609). If line 14 does not apply to you, enter -0-	e	
f Multiply d by e	f	
g Subtract f from d	g	
h Divide line 16, Schedule A (Form 8609) by line 15, Schedule A (Form 8609). Enter the result here	h	
i Multiply g by h . Enter this amount on line 2. (If more than one worksheet is completed, add the amounts on i from all worksheets and enter the total on line 2.)	i	



**Return by a Shareholder of a Passive Foreign
Investment Company or Qualified Electing Fund**

OMB No. 1545-1002

Attachment
Sequence No. **69**

▶ See separate instructions.

Name of shareholder	Identifying number (see page 3 of instructions)
Number, street, and room or suite no. (If a P.O. box, see page 3 of instructions.)	Your tax year: calendar year or other tax year beginning and ending
City or town, state, and ZIP code or country	
Check type of shareholder filing the return: <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> S Corporation <input type="checkbox"/> Nongrantor Trust <input type="checkbox"/> Estate	
Name of passive foreign investment company (PFIC) or qualified electing fund (QEF)	Employer identification number (if any)
Address (Enter number, street, city or town, and country.)	Tax year of company or fund: calendar year or other tax year beginning and ending

Part I Elections (See instructions.)

- A** ☐ I, a shareholder of a PFIC, elect to treat the PFIC as a QEF. (Section 1295.) *Complete lines 1a through 2c of Part II.*
- B** ☐ I, a shareholder on the first day of a PFIC's first tax year as a QEF, elect to recognize gain on the deemed sale of my interest in the PFIC. (Section 1291(d)(2)(A).) *Enter gain or loss on line 10f of Part IV.*
- C** ☐ I, a shareholder on the first day of a PFIC's first tax year as a QEF that is a controlled foreign corporation (CFC), elect to treat an amount equal to my share of the post-1986 earnings and profits of the CFC as an excess distribution. (Section 1291(d)(2)(B).) *Enter this amount on line 10e.*
- D** ☐ I, a shareholder of a QEF, elect to extend the time for payment of tax on the undistributed earnings and profits of the QEF until this election is terminated. (Section 1294.) *Complete lines 3a through 4c of Part II to calculate the tax that may be deferred.*
Note: If any portion of line 1a or line 2a of Part II is includible under section 551 or 951, you may **not** make this election. Also, see sections 1294(c) and 1294(f) and the related regulations for events that terminate this election.
- E** ☐ I, a shareholder of a former PFIC, elect to treat as an excess distribution the gain recognized on the deemed sale of my interest in the PFIC, or, if I qualify, my share of the PFIC's post-1986 earnings and profits deemed distributed, on the last day of its last tax year as a PFIC under section 1297(a). (Section 1298(b)(1).) *Enter excess distribution on line 10e or 10f of Part IV.*
- F** ☐ I, a shareholder of a PFIC, elect to mark-to-market the stock of that PFIC, which stock is marketable within the meaning of section 1296(e). (Section 1296.) *Complete Part III.*

Part II Income From a Qualified Electing Fund (QEF). All QEF shareholders complete lines 1a through 2c. If you are making Election D, also complete lines 3a through 4c. (See page 5 of instructions.)

1a Enter your pro rata share of the ordinary earnings of the QEF	1a		
b Enter the portion of line 1a that is included in income under section 551 or 951 or that may be excluded under section 1293(g)	1b		
c Subtract line 1b from line 1a. Enter this amount on your tax return as dividend income		1c	
2a Enter your pro rata share of the total net capital gain of the QEF	2a		
b Enter the portion of line 2a that is included in income under section 551 or 951 or that may be excluded under section 1293(g)	2b		
c Subtract line 2b from line 2a. This amount is a net long-term capital gain. Enter this amount in Part II of the Schedule D used for your income tax return. (See page 5 of instructions.)		2c	
3a Add lines 1c and 2c		3a	
b Enter the total amount of cash and the fair market value of other property distributed or deemed distributed to you during the tax year of the QEF. (See page 5 of instructions.)	3b		
c Enter the portion of line 3a to the extent not already included in line 3b that is attributable to shares in the QEF that you disposed of, pledged, or otherwise transferred during the tax year	3c		
d Add lines 3b and 3c		3d	
e Subtract line 3d from line 3a, and enter the difference (if zero or less, enter amount in brackets) Important: If line 3e is greater than zero, and no portion of line 1a or 2a is includible in income under section 551 or 951, you may make Election D with respect to the amount on line 3e.		3e	
4a Enter the total tax for total taxable income for the tax year	4a		
b Enter the total tax for the tax year determined without regard to the amount entered on line 3e	4b		
c Subtract line 4b from line 4a. This is the deferred tax, the time for payment of which is extended by making Election D. See instructions.		4c	

Part III Income or (Loss) From Mark-to-Market Election (See page 5 of instructions.)

5	Enter the fair market value of your PFIC stock at the end of the tax year	5	
6	Enter your adjusted basis in the stock at the end of the tax year	6	
7	Excess. Subtract line 6 from line 5. If a gain, stop here. Include this amount as ordinary income on your tax return. If a loss, go to line 8	7	
8	Enter any unreversed inclusions (as defined in section 1296(d))	8	
9	Enter the smaller of line 7 or line 8. Include this amount as an ordinary loss on your tax return	9	

Part IV Distributions and Disposition of Stock in a Section 1291 Fund (See page 6 of instructions.)

Complete a separate Part IV for each excess distribution.

10a	Enter your total distributions from the PFIC during the current tax year. If the holding period of the PFIC stock began in the current tax year, this amount is dividend income to the extent there are accumulated earnings and profits	10a	
b	Enter the total distributions (reduced by the portions of such distributions that were excess distributions but not included in income under section 1291(a)(1)(B)) made by the company for each of the 3 years preceding the current tax year (or if shorter, the portion of the shareholder's holding period before the current tax year).	10b	
c	Divide line 10b by 3. (See instructions if the number of preceding tax years is less than 3.)	10c	
d	Multiply line 10c by 125%. Enter the lesser of line 10a or line 10d as a dividend on your income tax return	10d	
e	Subtract line 10d from line 10a. This amount, if more than zero, is the total excess distribution. If zero or less and you did not dispose of stock during the tax year, do not complete the rest of Part IV. See instructions if you received more than one distribution during the current tax year	10e	
f	Enter gain or loss from the disposition of stock of a section 1291 fund or former section 1291 fund. If a gain, complete line 11. If a loss, show it in brackets and do not complete line 11	10f	
11a	On an attached statement for each distribution and disposition, show your holding period for each share of stock or block of shares held. Allocate the excess distribution to each day in your holding period. Add all amounts that are allocated to days in each tax year.		
b	Enter the total of the amounts determined in line 11a that are allocable to the current tax year and tax years before the foreign corporation became a PFIC (pre-PFIC tax years). Enter these amounts on your income tax return as other income	11b	
c	Enter the aggregate increases in tax (before credits) for each tax year in your holding period (other than the current tax year and pre-PFIC years). (See instructions.)	11c	
d	Foreign tax credit. (See instructions.)	11d	
e	Subtract line 11d from line 11c. Enter this amount on your income tax return as "additional tax." (See instructions.)	11e	
f	Determine interest on each net increase in tax determined on line 11e using the rates and methods of section 6621. Enter the aggregate amount of interest here. (See instructions.)	11f	

Part V Status of Prior Year Section 1294 Elections and Termination of Section 1294 Elections

Complete a separate column for each outstanding election. Complete lines 9 and 10 only if there is a partial termination of the section 1294 election.

	(i)	(ii)	(iii)	(iv)	(v)	(vi)
1 Tax year of outstanding election
2 Undistributed earnings to which the election relates						
3 Deferred tax						
4 Interest accrued on deferred tax (line 3) as of the filing date						
5 Event terminating election						
6 Earnings distributed or deemed distributed during the tax year						
7 Deferred tax due with this return						
8 Accrued interest due with this return.						
9 Deferred tax outstanding after partial termination of election						
10 Interest accrued after partial termination of election						



The bond ensures payment of the recapture tax imposed under section 42(j). The conditions of the bond are that the principal (i.e., taxpayer):

- Does not attempt to defraud the United States of any tax under section 42(j);
- Files all returns and statements as required by law or regulations;
- Pays all taxes including any penalties and interest charges; and
- Complies with all other requirements of the law and regulations under section 42.

Qualifying Sureties

The company acting as surety must hold a Certificate of Authority from the Department of the Treasury, Financial Management Service. These companies are listed in Treasury Circular 570. You may get a copy of this circular by writing to the Department of the Treasury, Financial Management Service, Surety Bond Branch, 3700 East West Hwy., Hyattsville, MD 20782, or by calling (202) 874-6850 (not a toll-free number).

A taxpayer may not be a surety for itself, nor may a member of a firm or a partner in a partnership be a surety for the firm or partnership of which he or she is a member or a partner.

Surety Termination

If a surety's certificate of authority is terminated, the surety may be relieved of liability under the bond provided it notifies the principal and the IRS by the date the termination announcement is published in the Federal Register. The notice must be sent by certified mail and must state that the principal has 60 days from the date the termination announcement is published in the Federal Register to get an adequate strengthening or superseding bond with another surety listed in Treasury Circular 570. If notice is given, the principal's rights under the bond will end 60 days after the date the termination announcement is published in the Federal Register.

A qualified surety (or coinsuring surety) may terminate its liability on a bond only if the surety notifies the principal and the IRS at least 60 days before the date the surety wants to terminate its liability. The notice must state that the principal has 60 days from the termination date to obtain an adequate superseding or strengthening bond from another qualified surety (or coinsuring surety).

If the surety does not provide this notice, it remains liable for the amount posted on the bond. If the surety gives notice but does not meet the 60-day notification requirement or fails to include a termination date in the notice, the surety's liability will terminate 60 days after the postmark date on the notice.

Send the IRS copy of the notice to the Internal Revenue Service Center, Philadelphia, PA 19255.

If the principal fails to post a strengthening or superseding bond within 60 days from the date (a) the termination announcement is published in the Federal Register or (b) on which a surety's liability on a bond terminates, recapture under section 42(j) is required.

Period of Bond

The liability stated on the bond must be for the period of years remaining in the 15-year compliance period of the building plus an additional 58 months. The compliance period begins with the tax year the building was placed in service or the succeeding tax year if the election under section 42(f)(1) is made.

Recordkeeping

Keep a copy of this Form 8693 together with all Forms 8586, 8609, Schedule(s) A (Form 8609), and 8611 for 58 months after the 15-year compliance period ends.

Who Must File

Taxpayers who claimed a low-income housing credit on a residential rental building and later (in a tax year during the 15-year compliance period) disposed of the building or an ownership interest in it must file this form to avoid recapture of the credit claimed. A de minimis rule may apply to certain dispositions of interests in partnerships that own buildings in which a credit was claimed. See Rev. Rul. 90-60, 1990-2 C.B. 3, for additional information.

Partnerships

Section 42(j)(5) partnerships.—Any person holding a power of attorney in a section 42(j)(5) partnership (a partnership with 35 or more partners that has not elected out of the section 42(j)(5) provisions) may post bond as principal on behalf of the partnership. A bond posted on behalf of a partnership must be posted in the partnership's name, with the name of the authorized representative of the partnership posting the bond appearing immediately below the partnership's name.

Partnerships that elected out of the section 42(j)(5) provisions or have fewer than 35 partners.—If partners in partnerships to which section 42(j)(5) does not apply want to post bond, the partners must post bond in their individual capacity as principals.

When and Where To File

Submit the original and one copy of Form 8693 to the Internal Revenue Service Center, Philadelphia, PA 19255, within 60 days after the date of disposition of the building or interest therein. The completed form may be submitted by either the taxpayer or the surety.

When the IRS returns a copy of the approved form, attach a copy of it to your income tax return for the year in which the disposition occurred. Write "FORM 8693 ATTACHED" to the left of the entry space on your income tax return for reporting the recapture of the low-income housing credit.

Specific Instructions

Line 2. Building Identification Number (BIN).—This is the number assigned to the building by the housing credit agency on Part I, item E, of **Form 8609**, Low-Income Housing Credit Allocation Certification.

Line 7b. Amount of Bond.—Use the worksheet below to calculate the bond amount. See Rev. Rul. 90-60 for additional information on the methodology for determining the bond amount.

If the amount is not an even multiple of \$100, increase the bond amount to the next higher multiple of \$100.

Part III. Certificate of Corporate Principal.

—If the principal is a corporation, the authority of the person posting the bond must be certified by the secretary of the corporation by completing Part III. Or the corporation may attach copies of records that will show the authority of the officer signing if the copies are certified by the secretary to be true copies.

Part IV. Approval by the IRS.—The IRS will notify you of the approval or rejection of the bond. If approved, the IRS will send a copy of the approved Form 8693 to the principal shown in Part I. If rejected, the owner must recapture the allowed low-income housing credit. Use **Form 8611**, Recapture of Low-Income Housing Credit.

Worksheet for Computing Bond Amount

1 Total credits taken by you in previous years and any additional credits you anticipate claiming for any year or portion thereof preceding the date of disposition	\$
2 Bond factor amount	%
3 Percentage of taxpayer's total interest in the qualified low-income building disposed of	%
4 Bond amount required to be posted (line 1 × line 2 × line 3). Enter here and on line 7b	\$

Instructions for Worksheet

Line 1.—Enter the total amount of the credits claimed on the building. See Part I of Forms 8586 you have filed. Include any additional credits you anticipate claiming for any period preceding the date of disposition. Do not include credit amounts previously recaptured, credit amounts for which a bond was previously posted, or credits claimed on additions to qualified basis as determined under section 42(f)(3).

Line 2. Bond Factor Amount.—Enter the bond factor amount corresponding to the month in the compliance period in which the disposition occurred and the first year of the building's credit period. The IRS announces the monthly bond factor amounts quarterly in a revenue ruling published in the Internal Revenue Bulletin.

Line 3.—Enter the ownership interest in the qualified low-income building that you have disposed of. Include ownership interests held both directly and indirectly (e.g., through a partnership).



**Interest Computation Under the Look-Back
Method for Completed Long-Term Contracts**

▶ See separate instructions. ▶ Please print or type.

OMB No. 1545-1031

Attachment
Sequence No. **97**

For the filing year beginning _____, and ending _____ . See page 3 of the instructions.

Name _____		A Identifying number
Fill In Your Address Only If You Are Filing This Form Separately and Not With Your Tax Return	Number, street, and apt., room, or suite no. If a P.O. box, see page 3 of the instructions.	B Check applicable box to show type of taxpayer: <input type="checkbox"/> Corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Estate or trust
	City or town, state, and ZIP code	

C If you were an owner of an interest in a pass-through entity (such as a partnership or an S corporation) that holds one or more long-term contracts to which this interest computation relates, enter the name and employer identification number of the entity. Attach a schedule if there is more than one such entity.

Name of entity _____	Employer identification number _____
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Part I Regular Method

	Date of each prior year to which interest computation relates:			(d) Totals (Add columns (a), (b), and (c).)
	(a) Year ended mo. yr.	(b) Year ended mo. yr.	(c) Year ended mo. yr.	
1 Taxable income (or loss) for the prior year(s) shown on tax return (or as previously adjusted) before net operating loss or capital loss carrybacks (other than carrybacks that must be taken into account to properly compute interest under section 460). See page 3 of the instructions. If you were required to file Form 8697 for an earlier year, enter adjusted taxable income for the prior year(s) from line 3, Form 8697, for the most recent filing year that affects the prior year(s)				
2 Adjustment to income to reflect the difference between: (a) the amount of income required to be allocated for post-February 1986 contracts completed or adjusted during the tax year based on the actual contract price and costs, and (b) the amount of income reported for such contracts based on estimated contract price and costs. See page 3 of the instructions and attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement				
3 Adjusted taxable income for look-back purposes. Combine lines 1 and 2				
4 Income tax liability on line 3 amount using tax rates in effect for the prior year(s). See page 3 of the instructions. . . .				
5 Income tax liability shown on return (or as previously adjusted) for the prior year(s). See page 3 of the instructions. If you were required to file Form 8697 for an earlier year, enter the amount required to be reported on line 4, Form 8697, for the most recent filing year that affects the prior year(s)				
6 Increase (or decrease) in tax for the prior year(s) on which interest is due (or is to be refunded). Line 4 minus line 5 . .				
7 Interest due on increase, if any, shown on line 6. See page 3 of the instructions for computation				
8 Interest to be refunded on decrease, if any, shown on line 6. See page 3 of the instructions for computation . .				
9 Net amount of INTEREST TO BE REFUNDED TO YOU . If line 8, column (d), exceeds line 7, column (d), enter the excess. File Form 8697 separately; DO NOT attach it to your tax return. See page 4 of the instructions				
10 Net amount of INTEREST YOU OWE . If line 7, column (d), exceeds line 8, column (d), enter the excess. Attach Form 8697 to your tax return. See page 4 of the instructions for where to include this amount on your return				

For Privacy Act and Paperwork Reduction Act Notice, see page 6 of the instructions.

Cat. No. 64598V

Form **8697** (Rev. 3-98)

Part II Simplified Marginal Impact Method

	Date of each prior year to which interest computation relates:			(d) Totals (Add columns (a), (b), and (c).)
	(a) Year ended mo. yr.	(b) Year ended mo. yr.	(c) Year ended mo. yr.	
1 Adjustment to regular taxable income to reflect the difference between: (a) the amount of such income required to be allocated for post-February 1986 contracts completed or adjusted during the tax year based on actual contract price and costs, and (b) the amount of such income reported for such contracts based on estimated contract price and costs. See page 5 of the instructions and attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement				
2 Increase (or decrease) in regular tax for prior year(s). Multiply line 1 in each column by the applicable regular tax rate. See page 5 of the instructions Note: For prior years beginning before 1987, skip lines 3 and 4 and enter on line 5 the amount from line 2.				
3 Adjustment to alternative minimum taxable income to reflect the difference between: (a) the amount of such income required to be allocated for post-February 1986 contracts completed or adjusted during the tax year based on actual contract price and costs, and (b) the amount of such income reported for such contracts based on estimated contract price and costs. See page 5 of the instructions and attach a schedule listing each separate contract, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement				
4 Increase (or decrease) in alternative minimum tax (AMT) for prior year(s). Multiply line 3 in each column by the applicable AMT rate. See page 5 of the instructions.				
5 Enter the amount from line 2 or line 4, whichever is greater. See page 5 of the instructions if either amount is negative Pass-through entities: Skip line 6 and enter on line 7 the amount from line 5.				
6 Overpayment ceiling. For each column in which line 5 is a negative number, enter your total tax liability for the prior year, as adjusted for past applications of the look-back method, and after net operating loss, capital loss, and credit carryovers and carrybacks to that year. For each column in which line 5 is a positive number, leave line 6 blank and enter on line 7 the amount from line 5				
7 Increase (or decrease) in tax for the prior year(s) on which interest is due (or is to be refunded). Enter the amount from line 5 or line 6, whichever is smaller. Treat both numbers as positive when making this comparison, but enter the amount as a negative number				
8 Interest due on increase, if any, shown on line 7. See page 5 of the instructions for computation				
9 Interest to be refunded on decrease, if any, shown on line 7. See page 5 of the instructions for computation				
10 Net amount of INTEREST TO BE REFUNDED TO YOU . If line 9, column (d), exceeds line 8, column (d), enter the excess. File Form 8697 separately; DO NOT attach it to your tax return. See page 5 of the instructions				
11 Net amount of INTEREST YOU OWE . If line 8, column (d), exceeds line 9, column (d), enter the excess. Attach Form 8697 to your tax return. See page 5 of the instructions for where to include this amount on your return				

**Sign Here Only If
You Are Filing This
Form Separately
and Not With Your
Tax Return**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature(s) _____ Date _____

**Paid
Preparer's
Use Only**

Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security number
Firm's name (or yours if self-employed) and address	EIN	ZIP code	



Orphan Drug Credit► **Attach to your return.**

Identifying number

Part I Current Year Credit

1	Qualified clinical testing expenses paid or incurred during the tax year	1		
2	Current year credit. Multiply line 1 by 50% (.50) (see instructions)	2		
3	Flow-through orphan drug credit(s) from an S corporation, partnership, estate, or trust	3		
4	Total current year orphan drug credit. Add lines 2 and 3	4		

Part II Tax Liability Limit (See **Who Must File Form 3800** to find out if you complete Part II or file Form 3800.)

5	Regular tax before credits: • Individuals. Enter amount from Form 1040, line 40 • Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) • Other filers. Enter regular tax before credits from your return	5		
6a	Credit for child and dependent care expenses (Form 2441, line 9)	6a		
b	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	6b		
c	Child tax credit (Form 1040, line 43)	6c		
d	Education credits (Form 8863, line 18)	6d		
e	Mortgage interest credit (Form 8396, line 11)	6e		
f	Adoption credit (Form 8839, line 15)	6f		
g	District of Columbia first-time homebuyer credit (Form 8859, line 11)	6g		
h	Foreign tax credit	6h		
i	Possessions tax credit (Form 5735, line 17 or 27)	6i		
j	Credit for fuel from a nonconventional source	6j		
k	Qualified electric vehicle credit (Form 8834, line 19)	6k		
l	Add lines 6a through 6k	6l		
7	Net regular tax. Subtract line 6l from line 5	7		
8	Alternative minimum tax: • Individuals. Enter amount from Form 6251, line 28 • Corporations. Enter amount from Form 4626, line 15 • Estates and trusts. Enter amount from Form 1041, Schedule I, line 39	8		
9	Net income tax. Add lines 7 and 8	9		
10	Tentative minimum tax (see instructions): • Individuals. Enter amount from Form 6251, line 26 • Corporations. Enter amount from Form 4626, line 13 • Estates and trusts. Enter amount from Form 1041, Schedule I, line 37	10		
11	If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	11		
12	Enter the greater of line 10 or line 11	12		
13	Subtract line 12 from line 9. If zero or less, enter -0-	13		
14	Orphan drug credit allowed for current year. Enter the smaller of line 4 or line 13 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return	14		

General Instructions*Section references are to the Internal Revenue Code unless otherwise noted.***Purpose of Form**

File Form 8820 if you elect to claim the orphan drug credit. The credit equals 50% of qualified clinical testing expenses paid or incurred during the tax year. See section

45C and Regulations section 1.28-1 for more details.

Who Must File

An individual, estate, trust, organization, or corporation claiming an orphan drug credit, or any S corporation, partnership, estate, or trust that allocates the credit to its shareholders, partners, or beneficiaries must complete this form and attach it to its income tax return.

Definitions**Qualified clinical testing expenses.**

Generally, qualified clinical testing expenses are amounts paid or incurred by the taxpayer that would be described as qualified research expenses under section 41, with the following modifications:

1. In sections 41(b)(2) and (3), "clinical testing" is substituted for "qualified research," and

2. 100% (instead of 65% or 75%) of contract research expenses are treated as clinical testing expenses.

Qualified clinical testing expenses do not include expenses to the extent they are funded by a grant, contract, or otherwise by a governmental entity or another person.

Clinical testing. Generally, clinical testing means any human clinical testing that meets ALL of the following conditions:

1. The testing is carried out under an exemption for a drug being tested for a rare disease or condition under section 505(i) of the Federal Food, Drug, and Cosmetic Act (Act).
2. The testing occurs after the date the drug is designated under Act section 526 and before the date on which an application for the drug is approved under Act section 505(b) (or, if the drug is a biological product, before the date the drug is licensed under section 351 of the Public Health Service Act).
3. The testing is conducted by or for the taxpayer to whom the designation under Act section 526 applies.
4. The testing relates to the use of the drug for the rare disease or condition for which it was designated under Act section 526.

Rare disease or condition. A rare disease or condition is one which afflicts:

1. 200,000 or fewer persons in the United States, OR
2. More than 200,000 persons in the United States, but for which there is no reasonable expectation of recovering the cost of developing and making available a drug in the United States for the disease from sales of the drug in the United States.

The above determinations are made as of the date the drug is designated under Act section 526.

Testing Not Eligible for the Credit

The credit is not allowed for clinical testing conducted outside the United States unless there is an insufficient U.S. testing population and the testing is conducted by a U.S. person or by another person not related to the taxpayer. Testing conducted either inside or outside the United States by a corporation to which section 936 applies is not eligible for the orphan drug credit.

Coordination With the Research Credit

Qualified clinical testing expenses used to figure the orphan drug credit cannot also be used to figure the credit for increasing research activities. However, any of these expenses that are also qualified research expenses must be included in base period research expenses when figuring the credit for increasing research activities in a later tax year.

Specific Instructions

Figure any orphan drug credit from your own trade or business on lines 1 and 2. Skip lines 1 and 2 if you are claiming only a credit that was allocated to you from an S corporation, a partnership, an estate, or trust.

Line 1. *Members of a controlled group of corporations or group of businesses under common control.* The group is treated as a single taxpayer and the credit allowed each member is based on its proportionate share of the qualified clinical testing expenses of the group. Enter on line 1 this member's share of the group's qualified clinical testing expenses.

Line 2. You must reduce the deduction for qualified clinical testing expenses otherwise allowable on your income tax return by the amount of the credit shown on line 2. If the credit exceeds the amount allowed as a deduction for the tax year, reduce the amount chargeable to the capital account for the year for such expenses by the amount of the excess. See section 280C(b) for special rules.

Line 3. Enter the amount of credit that was allocated to you as a shareholder, partner, or beneficiary.

Line 4. *Estates and trusts.* Allocate the orphan drug credit on line 4 between the estate or trust and the beneficiaries in the same proportion as income was allocated. On the dotted line to the left of line 4, the estate or trust should enter its share of the credit. Label it "1041 PORTION" and use this amount in Part II (or on Form 3800, if required) to figure the credit to take on Form 1041. On Schedule K-1, show each beneficiary's share of the portion allocated to beneficiaries.

S corporations and partnerships. Allocate the orphan drug credit on line 4 among the shareholders or partners. Attach Form 8820 to Form 1120S or 1065 and on Schedule K-1 show the credit for each shareholder or partner. Electing large partnerships, include this credit in "general credits."

Who Must File Form 3800

If for this year you have more than one of the credits included in the general business credit, a carryback or carryforward of any of these credits, an orphan drug credit from a passive activity, or general credits from an electing large partnership (Schedule K-1 (Form 1065-B)), you must complete **Form 3800**, General Business Credit, instead of completing Part II of Form 8820, to figure the tax liability limit.

The general business credit consists of the following credits:

- Investment (Form 3468),
- Work opportunity (Form 5884),
- Welfare-to-work (Form 8861),
- Alcohol used as fuel (Form 6478),
- Research (Form 6765),
- Low-income housing (Form 8586),
- Enhanced oil recovery (Form 8830),

- Disabled access (Form 8826),
- Renewable electricity production (Form 8835),
- Indian employment (Form 8845),
- Employer social security and Medicare taxes paid on certain employee tips (Form 8846),
- Orphan drug (Form 8820),
- Contributions to selected community development corporations (Form 8847), and
- Trans-Alaska pipeline liability fund.

The empowerment zone employment credit (Form 8844), while a component of the general business credit, is figured separately on Form 8844 and is never carried to Form 3800.

Line 10. Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete **and** attach the applicable AMT form or schedule and enter the TMT on line 10.

Line 11. See section 38(c)(3) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

Line 14. If you cannot use part of the credit because of the tax liability limit (line 13 is smaller than line 4), carry it back 1 year and then forward 20 years. See the separate **Instructions for Form 3800** for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 6 hr., 13 min.
Learning about the law or the form 1 hr., 23 min.
Preparing and sending the form to the IRS 1 hr., 8 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.



Like-Kind Exchanges

(and nonrecognition of gain from conflict-of-interest sales)

► Attach to your tax return.

1999Attachment
Sequence No. **109**

Name(s) shown on tax return

Identifying number

Part I Information on the Like-Kind Exchange**Note:** If the property described on line 1 or line 2 is real or personal property located outside the United States, indicate the country.

- 1 Description of like-kind property given up ►
- 2 Description of like-kind property received ►
- | | | | |
|--|---|---|---|
| 3 Date like-kind property given up was originally acquired (month, day, year) | 3 | / | / |
| 4 Date you actually transferred your property to other party (month, day, year) | 4 | / | / |
| 5 Date like-kind property you received was identified (month, day, year). See instructions | 5 | / | / |
| 6 Date you actually received the like-kind property from other party (month, day, year) | 6 | / | / |
- 7 Was the exchange made with a related party? If "Yes," complete Part II. If "No," go to Part III. See instructions.
a ☐ Yes, in this tax year b ☐ Yes, in a prior tax year c ☐ No

Part II Related Party Exchange Information

- 8 Name of related party
- Related party's identifying number

Address (no., street, and apt., room, or suite no.)

City or town, state, and ZIP code

Relationship to you

- 9 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did the related party sell or dispose of the like-kind property received from you in the exchange? ☐ Yes ☐ No
- 10 During this tax year (and before the date that is 2 years after the last transfer of property that was part of the exchange), did you sell or dispose of the like-kind property you received? ☐ Yes ☐ No
- If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 and 10 are "No" and this is **not** the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report on this year's tax return the deferred gain or (loss) from line 24 **unless** one of the exceptions on line 11 applies. See **Related party exchanges** in the instructions.
- 11 If one of the exceptions below applies to the disposition, check the applicable box:
- a ☐ The disposition was after the death of either of the related parties.
- b ☐ The disposition was an involuntary conversion, and the threat of conversion occurred after the exchange.
- c ☐ You can establish to the satisfaction of the IRS that neither the exchange nor the disposition had tax avoidance as its principal purpose. If this box is checked, attach an explanation. See instructions.

Part III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property Received**Caution:** If you transferred **and** received (a) more than one group of like-kind properties, or (b) cash or other (not like-kind) property, see **Reporting of multi-asset exchanges** in the instructions.**Note:** Complete lines 12 through 14 **only** if you gave up property that was not like-kind. Otherwise, go to line 15.

- | | | | |
|---|----|--|--|
| 12 Fair market value (FMV) of other property given up | 12 | | |
| 13 Adjusted basis of other property given up | 13 | | |
| 14 Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale | 14 | | |
| 15 Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred. See instructions | 15 | | |
| 16 FMV of like-kind property you received | 16 | | |
| 17 Add lines 15 and 16 | 17 | | |
| 18 Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any exchange expenses not used on line 15. See instructions | 18 | | |
| 19 Realized gain or (loss). Subtract line 18 from line 17 | 19 | | |
| 20 Enter the smaller of line 15 or line 19, but not less than zero | 20 | | |
| 21 Ordinary income under recapture rules. Enter here and on Form 4797, line 16. See instructions | 21 | | |
| 22 Subtract line 21 from line 20. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies. See instructions | 22 | | |
| 23 Recognized gain. Add lines 21 and 22 | 23 | | |
| 24 Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions | 24 | | |
| 25 Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23 | 25 | | |

Name(s) shown on tax return. Do not enter name and social security number if shown on other side.

Your social security number
: :
: :**Part IV Section 1043 Conflict-of-Interest Sales.** See instructions. Attach a copy of your certificate of divestiture.

Note: This part is to be used **only** by officers or employees of the executive branch of the Federal Government for reporting nonrecognition of gain under section 1043 on the sale of property to comply with the conflict-of-interest requirements. This part can be used only if the cost of the replacement property exceeds the basis of the divested property.

26	Description of divested property ▶			
27	Description of replacement property ▶			
28	Date divested property was sold (month, day, year)			28 / /
29	Sales price of divested property. See instructions	29		
30	Basis of divested property	30		
31	Realized gain. Subtract line 30 from line 29	31		
32	Cost of replacement property purchased within 60 days after date of sale	32		
33	Subtract line 32 from line 29. If zero or less, enter -0-	33		
34	Ordinary income under recapture rules. Enter here and on Form 4797, line 10. See instructions	34		
35	Subtract line 34 from line 33. If zero or less, enter -0-. If more than zero, enter here and on Schedule D or Form 4797. See instructions	35		
36	Recognized gain. Add lines 34 and 35	36		
37	Deferred gain. Subtract line 36 from line 31	37		
38	Basis of replacement property. Subtract line 37 from line 32	38		

Paperwork Reduction Act Notice.

We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form

displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The

estimated average time is:

Recordkeeping, 27 min.; **Learning about the law or the form**, 27 min.; **Preparing the form**, 1 hr., 2 min.; **Copying, assembling, and sending the form to the IRS**, 34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

**Rental Real Estate Income and Expenses of a
Partnership or an S Corporation**

▶ See instructions on back.

▶ Attach to Form 1065, Form 1065-B, or Form 1120S.

1999

Name _____ Employer identification number _____

1 Show the kind and location of each property. See page 2 for additional properties.**A** _____**B** _____**C** _____**D** _____

		Properties							
		A		B		C		D	
2	Gross rents	2							
Rental Real Estate Expenses									
3	Advertising	3							
4	Auto and travel	4							
5	Cleaning and maintenance	5							
6	Commissions	6							
7	Insurance	7							
8	Legal and other professional fees	8							
9	Interest	9							
10	Repairs	10							
11	Taxes	11							
12	Utilities	12							
13	Wages and salaries	13							
14	Depreciation (see instructions)	14							
15	Other (list) ▶ _____ _____ _____	15							
16	Total expenses for each property. Add lines 3 through 15	16							
17	Total gross rents. Add gross rents from line 2, columns A through H	17							
18	Total expenses. Add total expenses from line 16, columns A through H	18	()		
19	Net gain (loss) from Form 4797, Part II, line 18, from the disposition of property from rental real estate activities	19							
20a	Net income (loss) from rental real estate activities from partnerships, estates, and trusts in which this partnership or S corporation is a partner or beneficiary (from Schedule K-1)	20a							
b	Identify below the partnerships, estates, or trusts from which net income (loss) is shown on line 20a. Attach a schedule if more space is needed: (1) Name _____ (2) Employer identification number _____ _____ _____ _____								
21	Net income (loss) from rental real estate activities. Combine lines 17 through 20a. Enter the result here and on: • Form 1065 or 1120S: Schedule K, line 2, or • Form 1065-B: Part I, line 4	21							

1 Show the kind and location of each property.**E****F****G****H**

		Properties							
		E		F		G		H	
Rental Real Estate Income									
2 Gross rents	2								
Rental Real Estate Expenses									
3 Advertising	3								
4 Auto and travel	4								
5 Cleaning and maintenance . .	5								
6 Commissions	6								
7 Insurance	7								
8 Legal and other professional fees .	8								
9 Interest	9								
10 Repairs	10								
11 Taxes	11								
12 Utilities	12								
13 Wages and salaries	13								
14 Depreciation (see instructions) .	14								
15 Other (list) ▶	15								
.....									
.....									
16 Total expenses for each property. Add lines 3 through 15.	16								

Instructions

Section references are to the Internal Revenue Code.

Purpose of form. Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read **Passive Activity Limitations** in the instructions for Form 1065 or Form 1120S, or **Passive Loss Limitation Activities** in the Instructions for Form 1065-B, especially for the definition of "rental activity."

Lines 1 through 21. Form 8825 provides space for up to eight properties. If there are more than eight properties, complete and attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity, it must report the income and deductions for each building in separate columns.

However, if the partnership or S corporation has more than one rental real estate activity,

attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner's or shareholder's share of the net income (loss) for each separate activity (except for limited partners in an electing large partnership). See **Passive Activity Reporting Requirements** in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each activity.

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals of all forms.

Do not report on Form 8825 any:

- Income or deductions from a trade or business activity or a rental activity other than rental real estate.
- Portfolio income or deductions.
- Section 179 expense deduction.
- Other items that must be reported separately to the partners or shareholders.

Line 1. Show the kind of property rented out (e.g., "apartment building"). Give the street address, city or town, and state.

Line 14. The partnership or S corporation may claim a depreciation deduction each year for rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach

Form 4562, Depreciation and Amortization. See Form 4562 and its instructions to figure the depreciation deduction.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping**, 6 hr., 28 min.; **Learning about the law or the form**, 34 min.; **Preparing the form**, 1 hr., 38 min.; **Copying, assembling, and sending the form to the IRS**, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.



Disabled Access Credit**1999**Attachment
Sequence No. **86**► **Attach to your return.**

Name(s) shown on return

Identifying number

Part I Current Year Credit

1	Total eligible access expenditures	1		
2	Minimum amount	2	\$ 250	00
3	Subtract line 2 from line 1 (if less than zero, enter -0-)	3		
4	Maximum amount	4	\$10,000	00
5	Enter the smaller of line 3 or line 4.	5		
6	Current year credit. Multiply line 5 by 50% (.50)	6		
7	Disabled access credits from flow-through entities:			
	If you are a-	Then enter total of current year disabled access credit(s) from-		
	a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13		
	b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13		
7		7		
8	Total current year disabled access credit. Add lines 6 and 7, but do not enter more than \$5,000 .	8		

Part II Tax Liability Limit (See **Who Must File Form 3800** to find out if you complete Part II or file Form 3800.)

9	Regular tax before credits:			
	• Individuals. Enter amount from Form 1040, line 40	}	9	
	• Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)			
	• Other filers. Enter regular tax before credits from your return			
10a	Credit for child and dependent care expenses (Form 2441, line 9)	10a		
b	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	10b		
c	Child tax credit (Form 1040, line 43)	10c		
d	Education credits (Form 8863, line 18)	10d		
e	Mortgage interest credit (Form 8396, line 11)	10e		
f	Adoption credit (Form 8839, line 15)	10f		
g	District of Columbia first-time homebuyer credit (Form 8859, line 11)	10g		
h	Foreign tax credit.	10h		
i	Possessions tax credit (Form 5735, line 17 or 27)	10i		
j	Credit for fuel from a nonconventional source	10j		
k	Qualified electric vehicle credit (Form 8834, line 19)	10k		
l	Add lines 10a through 10k.	10l		
11	Net regular tax. Subtract line 10l from line 9.	11		
12	Alternative minimum tax:			
	• Individuals. Enter amount from Form 6251, line 28	}	12	
	• Corporations. Enter amount from Form 4626, line 15			
	• Estates and trusts. Enter amount from Form 1041, Schedule I, line 39			
13	Net income tax. Add lines 11 and 12	13		
14	Tentative minimum tax (see instructions):			
	• Individuals. Enter amount from Form 6251, line 26	}	14	
	• Corporations. Enter amount from Form 4626, line 13			
	• Estates and trusts. Enter amount from Form 1041, Schedule I, line 37			
15	If line 11 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	15		
16	Enter the greater of line 14 or line 15	16		
17	Subtract line 16 from line 13. If zero or less, enter -0-	17		
18	Disabled access credit allowed for current year. Enter the smaller of line 8 or line 17 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return	18		

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Eligible small businesses use Form 8826 to claim the disabled access credit. This credit is part of the general business credit.

A partnership or S corporation that is an eligible small business completes Part I of the form to figure the credit to pass through to its partners or shareholders. Electing large partnerships, include this credit in "general credits."

Enhanced Oil Recovery Credit

► Attach to your return.

Name(s) shown on return

Identifying number

Part I Current Year Credit (See instructions.)

1	Qualified enhanced oil recovery costs	1								
2	Current year credit. Multiply line 1 by 15% (.15) (see instructions)	2								
3	Enhanced oil recovery credits from flow-through entities	3								
	<table><tr><td>If you are a—</td><td>Then enter total of current year credit(s) from—</td></tr><tr><td>a Shareholder</td><td>Schedule K-1 (Form 1120S), lines 12d, 12e, or 13</td></tr><tr><td>b Partner</td><td>Schedule K-1 (Form 1065), lines 12c, 12d, or 13</td></tr></table>	If you are a—	Then enter total of current year credit(s) from—	a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13	b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13			
If you are a—	Then enter total of current year credit(s) from—									
a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13									
b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13									
4	Total current year credit. Add lines 2 and 3	4								

Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)

5	Regular tax before credits: • Individuals. Enter amount from Form 1040, line 40 • Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) } • Other filers. Enter regular tax before credits from your return	5		
6a	Credit for child and dependent care expenses (Form 2441, line 9)	6a		
b	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	6b		
c	Child tax credit (Form 1040, line 43)	6c		
d	Education credits (Form 8863, line 18)	6d		
e	Mortgage interest credit (Form 8396, line 11)	6e		
f	Adoption credit (Form 8839, line 14)	6f		
g	District of Columbia first-time homebuyer credit (Form 8859, line 11)	6g		
h	Foreign tax credit	6h		
i	Possessions tax credit (Form 5735, line 17 or 27)	6i		
j	Credit for fuel from a nonconventional source	6j		
k	Qualified electric vehicle credit (Form 8834, line 19)	6k		
l	Add lines 6a through 6k	6l		
7	Net regular tax. Subtract line 6l from line 5	7		
8	Alternative minimum tax: • Individuals. Enter amount from Form 6251, line 28 • Corporations. Enter amount from Form 4626, line 15 • Estates and trusts. Enter amount from Form 1041, Schedule I, line 39	8		
9	Net income tax. Add lines 7 and 8	9		
10	Tentative minimum tax (see instructions): • Individuals. Enter amount from Form 6251, line 26 • Corporations. Enter amount from Form 4626, line 13 • Estates and trusts. Enter amount from Form 1041, Schedule I, line 37	10		
11	If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	11		
12	Enter the greater of line 10 or line 11	12		
13	Subtract line 12 from line 9. If zero or less, enter -0-	13		
14	Enhanced oil recovery credit allowed for current year. Enter the smaller of line 4 or line 13 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return	14		

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8830 to claim the enhanced oil recovery credit. Partnerships and S

corporations use the form to figure the credit to pass through to partners and shareholders. The credit is 15% of certain costs paid or incurred in connection with an enhanced oil recovery project.

An owner of an operating mineral interest may claim or elect not to claim this credit on either an original or amended

return at any time within 3 years from the due date of the return (determined without regard to extensions).

Amount of Credit

The tentative credit is 15% of qualified costs for the year. The credit is reduced when the reference price, determined

Renewable Electricity Production Credit▶ **Attach to your return.****1999**Attachment
Sequence No. **95**

Name(s) shown on return

Identifying number

Part I Current Year Credit**Electricity produced by closed-loop biomass facility placed in service after 1992 or poultry waste facility placed in service after 1999:**

- 1 Kilowatt-hours produced and sold × 0.017
- 2 Phaseout adjustment (see instructions) \$ ×
- 3 Credit for electricity produced by closed-loop biomass or poultry waste facility. Subtract line 2 from line 1

Electricity produced by wind facility placed in service after 1993:

- 4 Kilowatt-hours produced and sold (see instructions) × 0.017
- 5 Phaseout adjustment (see instructions) \$ ×
- 6 Credit for electricity produced by wind facility. Subtract line 5 from line 4
- 7 Total credit before reduction. Add lines 3 and 6

Reduction for government grants, subsidized financing, and other credits:

- 8 Total of government grants, proceeds of tax-exempt government obligations, subsidized energy financing, and any other credits allowed for the project for this and all prior tax years
- 9 Total of additions to the capital account for the project for this and all prior tax years
- 10 Divide line 8 by line 9. Show as a decimal carried to at least 4 places
- 11 Multiply line 7 by line 10
- 12 Current year credit. Subtract line 11 from line 7

- 13 Renewable electricity production credit(s) from flow-through entities:
- | If you are a— | Then enter the credit(s) from— |
|-------------------------|--|
| a Shareholder | Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 |
| b Partner | Schedule K-1 (Form 1065), lines 12c, 12d, or 13 |
| c Beneficiary | Schedule K-1 (Form 1041), line 14 |

- 14 **Total current year credit.** Add lines 12 and 13

Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)

- 15 Regular tax before credits:
- Individuals. Enter amount from Form 1040, line 40
 - Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)
 - Other filers. Enter regular tax before credits from your return

- 16a Credit for child and dependent care expenses (Form 2441, line 9)
- b Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)
- c Child tax credit (Form 1040, line 43)
- d Education credits (Form 8863, line 18)
- e Mortgage interest credit (Form 8396, line 11)
- f Adoption credit (Form 8839, line 15)
- g District of Columbia first-time homebuyer credit (Form 8859, line 11)
- h Foreign tax credit
- i Possessions tax credit (Form 5735, line 17 or 27)
- j Credit for fuel from a nonconventional source
- k Qualified electric vehicle credit (Form 8834, line 19)
- l Add lines 16a through 16k

- 17 Net regular tax. Subtract line 16l from line 15

- 18 Alternative minimum tax:
- Individuals. Enter amount from Form 6251, line 28
 - Corporations. Enter amount from Form 4626, line 15
 - Estates and trusts. Enter amount from Form 1041, Schedule I, line 39

- 19 Net income tax. Add lines 17 and 18

- 20 Tentative minimum tax (see instructions)

- 21 If line 17 is more than \$25,000, enter 25% (.25) of the excess (see instructions)

- 22 Enter the greater of line 20 or line 21

- 23 Subtract line 22 from line 19. If zero or less, enter -0-

- 24 **Renewable electricity production credit allowed for current year.** Enter the **smaller** of line 14 or line 23 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return

Indian Employment Credit**1999**Attachment
Sequence No. **113**▶ **Attach to your return.**

Name(s) as shown on return

Identifying number

Part I **Current Year Credit**

1	Total of qualified wages and qualified employee health insurance costs paid or incurred during the tax year	1												
2	Calendar year 1993 qualified wages and qualified employee health insurance costs (see instructions). If none, enter -0-	2												
3	Incremental increase. Subtract line 2 from line 1	3												
4	Current year credit. Multiply line 3 by 20% (.20) (see instructions)	4												
5	Indian employment credits from flow-through entities													
	<table><tr><td>If you are a—</td><td>Then enter total of current year Indian employment credit(s) from—</td></tr><tr><td>a Shareholder . . .</td><td>Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . .</td></tr><tr><td>b Partner . . .</td><td>Schedule K-1 (Form 1065), lines 12c, 12d, or 13 . . .</td></tr><tr><td>c Beneficiary . . .</td><td>Schedule K-1 (Form 1041), line 14 . . .</td></tr><tr><td>d Patron . . .</td><td>Written statement from cooperative . . .</td></tr></table>	If you are a—	Then enter total of current year Indian employment credit(s) from—	a Shareholder . . .	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . .	b Partner . . .	Schedule K-1 (Form 1065), lines 12c, 12d, or 13 . . .	c Beneficiary . . .	Schedule K-1 (Form 1041), line 14 . . .	d Patron . . .	Written statement from cooperative . . .	5		
If you are a—	Then enter total of current year Indian employment credit(s) from—													
a Shareholder . . .	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . .													
b Partner . . .	Schedule K-1 (Form 1065), lines 12c, 12d, or 13 . . .													
c Beneficiary . . .	Schedule K-1 (Form 1041), line 14 . . .													
d Patron . . .	Written statement from cooperative . . .													
6	Total current year credit. Add lines 4 and 5. (S corporations, partnerships, estates, trusts, and cooperatives, see instructions.)	6												

Part II **Tax Liability Limit** (See **Who Must File Form 3800** to find out if you complete Part II or file Form 3800.)

7	Regular tax before credits: • Individuals. Enter amount from Form 1040, line 40 • Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) • Other filers. Enter regular tax before credits from your return	7		
8a	Credit for child and dependent care expenses (Form 2441, line 9)	8a		
b	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	8b		
c	Child tax credit (Form 1040, line 43)	8c		
d	Education credits (Form 8863, line 18)	8d		
e	Mortgage interest credit (Form 8396, line 11)	8e		
f	Adoption credit (Form 8839, line 15)	8f		
g	District of Columbia first-time homebuyer credit (Form 8859, line 11)	8g		
h	Foreign tax credit	8h		
i	Possessions tax credit (Form 5735, line 17 or 27)	8i		
j	Credit for fuel from a nonconventional source	8j		
k	Qualified electric vehicle credit (Form 8834, line 19)	8k		
l	Add lines 8a through 8k	8l		
9	Net regular tax. Subtract line 8l from line 7	9		
10	Alternative minimum tax: • Individuals. Enter amount from Form 6251, line 28 • Corporations. Enter amount from Form 4626, line 15 • Estates and trusts. Enter amount from Form 1041, Schedule I, line 39	10		
11	Net income tax. Add lines 9 and 10	11		
12	Tentative minimum tax (see instructions): • Individuals. Enter amount from Form 6251, line 26 • Corporations. Enter amount from Form 4626, line 13 • Estates and trusts. Enter amount from Form 1041, Schedule I, line 37	12		
13	If line 9 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	13		
14	Enter the greater of line 12 or line 13	14		
15	Subtract line 14 from line 11. If zero or less, enter -0-	15		
16	Indian employment credit allowed for current year. Enter the smaller of line 6 or line 15 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return	16		

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Employers of American Indians who are qualified employees (see **Definitions**) use Form 8845 to claim the Indian employment credit.

In most cases, the credit is 20% of the excess of an employer's current year qualified wages and qualified employee health insurance costs over the sum of the corresponding amounts paid or incurred during calendar year 1993 by the employer (or predecessor). For purposes of the credit, the total amount of qualified wages and costs may not exceed \$20,000 for each employee.

Definitions

Qualified wages means any wages paid or incurred by an employer for services performed by an employee while such employee is a qualified employee (see below). It does **not** include wages attributable to services rendered during the 1-year period beginning with the day the employee starts work for the employer if any portion of such wages is used in figuring the work opportunity credit on Form 5884. Wages has the same meaning as given in section 51.

Qualified employee health insurance costs means any amount paid or incurred by an employer for health insurance to the extent such amount is attributable to coverage provided to any employee while such employee is a qualified employee. No amount paid or incurred for health insurance under a salary reduction arrangement may be included.

Qualified employee means, for any tax period, any employee of an employer if the employee meets all the following tests:

1. The employee is an enrolled member of an Indian tribe or the spouse of an enrolled member of an Indian tribe. The tribe keeps the enrollment list.
2. Substantially all the services performed during that period by the employee for the employer are performed within an Indian reservation (defined below).
3. The employee's principal residence while performing such services is on or near the reservation where the services are performed.

However, the employee shall be treated as a qualified employee for any tax year of the employer only if more than 50% of the wages paid or incurred by the employer to the employee during the year are for services performed in the employer's trade or business. Each member of a controlled group must meet this requirement independently.

The following are **not** qualified employees:

- Any individual who bears any of the relationships described in sections 152(a)(1) through 152(a)(8) to, or is a dependent described in section 152(a)(9) of, the employer.
- If the employer is a corporation, any individual who bears any of the relationships described in section 152(a)(1) through 152(a)(8) to, or is a dependent described in section 152(a)(9) of, an individual who owns (or is considered to own under section 267(c)) more than 50% in value of the outstanding stock of the corporation.
- If the employer is an estate or trust, any individual who is a grantor, beneficiary, or fiduciary of the estate or trust (or a dependent, as described in section 152(a)(9), of that individual), or any individual who is a relative, as described in sections 152(a)(1) through 152(a)(8), of the grantor, beneficiary, or fiduciary of the estate or trust.

- If the employer is other than a corporation, estate, or trust, any individual who owns directly or indirectly more than 50% of the capital and profits interest, including constructive ownership, in the entity.

- Any person who owns (or is considered to own under section 318) more than 5% of the outstanding or voting stock of the employer or, if not a corporate employer, more than 5% of the capital or profits interest in the employer.
- Any individual who performs services involving the conduct of Class I, II, or III gaming as defined in section 4 of the Indian Gaming Regulatory Act and any individual performing any services in a building housing such gaming activity.

Indian tribe means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or regional or village corporation, as defined in, or established under, the Alaska Native Claims Settlement Act, that is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians. See the Federal Register dated December 30, 1998 (63 FR 71941), for the most recent listing of federally recognized Indian tribes.

Indian reservation means a reservation as defined in section 3(d) of the Indian Financing Act of 1974 or section 4(10) of the Indian Child Welfare Act of 1978.

Early Termination of Employee

Generally, if the employer terminates a qualified employee less than 1 year after the date of initial employment:

1. No wages or qualified employee health insurance costs may be taken into account for the tax year the employment is terminated, and
2. Any credits allowed for prior tax years by reason of wages paid or incurred by the employer to that employee must be recaptured. Report the amount on the line for recapture taxes on the income tax return and write "45A" to the left of the entry. Also, any carryback or carryover of the credit is adjusted.

These rules do not apply if:

- The employee voluntarily quits.
- The employee is terminated because of misconduct.
- The employee becomes disabled. However, if the disability ends before the end of the first year of employment, the employer must offer reemployment to the former employee.

An employee is not treated as terminated if the corporate employer is acquired by another corporation covered under the rules in section 381(a) and the employee continues to be employed by the acquiring corporation. Nor is a mere change in the form of conducting the trade or business treated as a termination if the employee continues to be employed in such trade or business and the taxpayer retains a substantial interest in such trade or business.

Specific Instructions

Part I

Figure the current year credit for your trade or business on lines 1 through 4. Skip lines 1 through 4 if you are claiming only a credit that was allocated to you from a flow-through entity. The following rules apply to lines 1 and 2:

- An employee is not a qualified employee if the total amount of wages paid or incurred by the employer to the employee (whether or not for services within an Indian reservation) exceeds the amount determined at an annual rate of \$30,000. This wage limit may be adjusted for inflation for tax years beginning after 2000.

- The aggregate amount of qualified wages and qualified employee health insurance costs for each qualified employee for any tax year is limited to \$20,000.
- Members of a controlled group of corporations and businesses under common control are treated as a single employer in determining the credit.

Line 1. Enter the total qualified wages and qualified employee health insurance costs paid or incurred for qualified employees during the tax year.

Line 2. Enter the total qualified wages and qualified employee health insurance costs paid or incurred by the employer (or predecessor) for qualified employees during **calendar year 1993** (as if section 45A had been in effect during 1993). If none, enter zero.

For a short tax year, multiply the amount determined above by a fraction, the numerator of which is the number of days in the short tax year and the denominator of which is 365. Enter the result on line 2.

Line 4. In most cases, you must reduce the deductions on your return for salaries and wages and health insurance costs by the line 4 credit amount. This reduction must be made even if you cannot take the full credit this year because of the tax liability limit. If you capitalized any costs on which you figured the credit, reduce the depreciable basis by the amount of the credit attributable to these costs.

Line 6. If you have a credit from a passive activity, stop here and go to Form 3800.

S corporations and partnerships. Allocate the line 6 credit among the shareholders or partners. Attach Form 8845 to Form 1120S or 1065 and show the credit for each shareholder or partner on Schedule K-1. Electing large partnerships, include this credit in "general credits."

Estates and trusts. The line 6 credit is allocated between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line to the left of the amount on line 6, the estate or trust should enter its part of the total Indian employment credit. Label it "1041 PORTION" and use this amount in Part II (or on Form 3800, if required) to figure the credit to claim on Form 1041.

Cooperatives. Most tax-exempt organizations cannot take the Indian employment credit, but a cooperative described in section 1381(a) takes the Indian employment credit to the extent it has tax liability. Any excess is shared among its patrons. But any credit recapture under item 2 of **Early Termination of Employee** applies as if the cooperative had claimed the entire credit and had not shared it among its patrons.

Who Must File Form 3800

Complete **Form 3800**, General Business Credit, instead of completing Part II of Form 8845, to figure the tax liability limit for the credit if for this year you have:

- More than one of the credits included in the general business credit listed below,
- A carryback or carryforward of any of the credits,
- A credit from a passive activity, or
- General credits from an electing large partnership (Schedule K-1 (Form 1065-B)).

The general business credit consists of the following credits:

- Investment (Form 3468),
- Work opportunity (Form 5884),

- Welfare-to-work (Form 8861),
- Alcohol used as fuel (Form 6478),
- Research (Form 6765),
- Low-income housing (Form 8586),
- Enhanced oil recovery (Form 8830),
- Disabled access (Form 8826),
- Renewable electricity production (Form 8835),
- Indian employment (Form 8845),
- Employer social security and Medicare taxes paid on certain employee tips (Form 8846),
- Orphan drug (Form 8820),
- Contributions to selected community development corporations (Form 8847), and
- Trans-Alaska pipeline liability fund.

The empowerment zone employment credit, while a component of the general business credit, is figured separately on Form 8844 and is never carried to Form 3800.

Part II

Line 12. Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete **and** attach the applicable AMT form or schedule and enter the TMT on line 12.

Line 13. See section 38(c)(3) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

Line 16. If you cannot use all of the credit because of the tax liability limit (line 15 is smaller than line 6), carry the excess credit back 1 year and then forward for 20 years. See the separate **Instructions for Form 3800** for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 7 hr., 25 min.

Learning about the law or the form 1 hr., 12 min.

Preparing and sending the form to the IRS 1 hr., 22 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.



Form	8846	Credit for Employer Social Security and Medicare Taxes Paid on Certain Employee Tips	OMB No. 1545-1414
Department of the Treasury Internal Revenue Service		► Attach to your return.	1999 Attachment Sequence No. 98
Name(s) shown on return			Identifying number

Note: Claim this credit **ONLY** for social security and Medicare taxes paid by a food or beverage establishment where tipping is customary for providing food or beverages. See the instructions for line 1.

Part I Current Year Credit

1	Tips received by employees for services on which you paid or incurred employer social security and Medicare taxes during the tax year (see instructions)	1							
2	Tips not subject to the credit provisions (see instructions)	2							
3	Creditable tips. Subtract line 2 from line 1	3							
4	Current year credit (see instructions). Multiply line 3 by 7.65% (.0765). If you have any tipped employee(s) whose wages (including tips) exceeded \$72,600, check here <input type="checkbox"/>	4							
5	Form 8846 credits from flow-through entities								
	<table><tr><td>If you are a—</td><td>Then enter Form 8846 credit(s) from—</td></tr><tr><td>a Shareholder</td><td>Schedule K-1 (Form 1120S) lines 12d, 12e, or 13</td></tr><tr><td>b Partner</td><td>Schedule K-1 (Form 1065) lines 12c, 12d, or 13</td></tr></table>	If you are a—	Then enter Form 8846 credit(s) from—	a Shareholder	Schedule K-1 (Form 1120S) lines 12d, 12e, or 13	b Partner	Schedule K-1 (Form 1065) lines 12c, 12d, or 13	5	
If you are a—	Then enter Form 8846 credit(s) from—								
a Shareholder	Schedule K-1 (Form 1120S) lines 12d, 12e, or 13								
b Partner	Schedule K-1 (Form 1065) lines 12c, 12d, or 13								
6	Total current year credit. Add lines 4 and 5	6							

Part II Tax Liability Limit (See **Who Must File Form 3800** to find out if you complete Part II or file Form 3800.)

7	Regular tax before credits: <ul style="list-style-type: none">Individuals. Enter amount from Form 1040, line 40Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)Other filers. Enter regular tax before credits from your return	7	
8a	Credit for child and dependent care expenses (Form 2441, line 9)	8a	
8b	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	8b	
8c	Child tax credit (Form 1040, line 43)	8c	
8d	Education credits (Form 8863, line 18)	8d	
8e	Mortgage interest credit (Form 8396, line 11)	8e	
8f	Adoption credit (Form 8839, line 15)	8f	
8g	District of Columbia first-time homebuyer credit (Form 8859, line 11)	8g	
8h	Foreign tax credit	8h	
8i	Possessions tax credit (Form 5735, line 17 or 27)	8i	
8j	Credit for fuel from a nonconventional source	8j	
8k	Qualified electric vehicle credit (Form 8834, line 19)	8k	
8l	Add lines 8a through 8k	8l	
9	Net regular tax. Subtract line 8l from line 7	9	
10	Alternative minimum tax: <ul style="list-style-type: none">Individuals. Enter amount from Form 6251, line 28Corporations. Enter amount from Form 4626, line 15Estates and trusts. Enter amount from Form 1041, Schedule I, line 39	10	
11	Net income tax. Add lines 9 and 10	11	
12	Tentative minimum tax (see instructions): <ul style="list-style-type: none">Individuals. Enter amount from Form 6251, line 26Corporations. Enter amount from Form 4626, line 13Estates and trusts. Enter amount from Form 1041, Schedule I, line 37	12	
13	If line 9 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	13	
14	Enter the greater of line 12 or line 13	14	
15	Subtract line 14 from line 11. If zero or less, enter -0-	15	
16	Credit allowed for current year. Enter the smaller of line 6 or line 15 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return	16	

**Credit for Contributions to Selected Community
Development Corporations**► **Attach to your return.**

Name(s) shown on return

Identifying number

Part I **Current Year Credit**

1	Total qualified community development corporation (CDC) contributions from attached Schedule(s) A (Form 8847).	1								
2	Current year CDC credit. Multiply line 1 by 5% (.05)	2								
3	CDC credits from flow-through entities: <table><tr><td>If you are a—</td><td>Then enter total of current year CDC credit(s) from—</td></tr><tr><td>a Shareholder</td><td>Schedule K-1 (Form 1120S), lines 12d, 12e, or 13</td></tr><tr><td>b Partner</td><td>Schedule K-1 (Form 1065), lines 12c, 12d, or 13</td></tr></table>	If you are a—	Then enter total of current year CDC credit(s) from—	a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13	b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13	3		
If you are a—	Then enter total of current year CDC credit(s) from—									
a Shareholder	Schedule K-1 (Form 1120S), lines 12d, 12e, or 13									
b Partner	Schedule K-1 (Form 1065), lines 12c, 12d, or 13									
4	Total current year CDC credit. Add lines 2 and 3	4								

Part II **Tax Liability Limit** (See **Who Must File Form 3800** to find out if you complete Part II or file Form 3800.)

5	Regular tax before credits: <ul style="list-style-type: none">• Individuals. Enter amount from Form 1040, line 40• Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)• Other filers. Enter regular tax before credits from your return	5		
6a	Credit for child and dependent care expenses (Form 2441, line 9)	6a		
b	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	6b		
c	Child tax credit (Form 1040, line 43)	6c		
d	Education credits (Form 8863, line 18)	6d		
e	Mortgage interest credit (Form 8396, line 11)	6e		
f	Adoption credit (Form 8839, line 14)	6f		
g	District of Columbia first-time homebuyer credit (Form 8859, line 11)	6g		
h	Foreign tax credit	6h		
i	Possessions tax credit (Form 5735, line 17 or 27)	6i		
j	Credit for fuel from a nonconventional source	6j		
k	Qualified electric vehicle credit (Form 8834, line 19)	6k		
l	Add lines 6a through 6k	6l		
7	Net regular tax. Subtract line 6l from line 5	7		
8	Alternative minimum tax: <ul style="list-style-type: none">• Individuals. Enter amount from Form 6251, line 28• Corporations. Enter amount from Form 4626, line 15• Estates and trusts. Enter amount from Form 1041, Schedule I, line 39	8		
9	Net income tax. Add lines 7 and 8	9		
10	Tentative minimum tax (see instructions): <ul style="list-style-type: none">• Individuals. Enter amount from Form 6251, line 26• Corporations. Enter amount from Form 4626, line 13• Estates and trusts. Enter amount from Form 1041, Schedule I, line 37	10		
11	If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions)	11		
12	Enter the greater of line 10 or line 11	12		
13	Subtract line 12 from line 9. If zero or less, enter -0-	13		
14	CDC credit allowed for current year. Enter the smaller of line 4 or line 13 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return	14		

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Use Form 8847 to claim the credit for qualified contributions made to selected community development corporations (CDCs).

The credit is part of the general business credit and is figured under the provisions of section 13311 of the Revenue Reconciliation Act of 1993.

Name(s) shown on return

Identifying number

Part I Current Year Credit

1 Enter on the applicable line below the qualified first- or second-year wages paid or incurred during the tax year and multiply by the percentage shown for services of employees who are certified as long-term family assistance recipients and who began work for you after 1997. Members of a controlled group, see instructions.

a Qualified first-year wages \$ _____ × 35% (.35) **1a**

b Qualified second-year wages \$ _____ × 50% (.50) **1b**

2 Current year credit. Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages **2**

3	Welfare-to-work credits from flow-through entities	If you are a—	Then enter total of welfare-to-work credit(s) from—	
	a Shareholder		Schedule K-1 (Form 1120S), lines 12d, 12e, or 13.	}
	b Partner		Schedule K-1 (Form 1065), lines 12c, 12d, or 13	
	c Beneficiary		Schedule K-1 (Form 1041), line 14	
	d Patron		Written statement from cooperative	

3

4 **Total current year welfare-to-work credit.** Add lines 2 and 3. (S corporations, partnerships, estates, trusts, cooperatives, regulated investment companies, and real estate investment trusts, see instructions.) **4**

Part II Tax Liability Limit (See **Who Must File Form 3800** to find out if you complete Part II or file Form 3800.)

5 Regular tax before credits:

- Individuals. Enter amount from Form 1040, line 40
- Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1)
- Other filers. Enter regular tax before credits from your return

6a	Credit for child and dependent care expenses (Form 2441, line 9)	
6b	Credit for the elderly or the disabled (Schedule R (Form 1040), line 20)	
6c	Child tax credit (Form 1040, line 43)	
6d	Education credits (Form 8863, line 18)	
6e	Mortgage interest credit (Form 8396, line 11)	
6f	Adoption credit (Form 8839, line 15)	
6g	District of Columbia first-time homebuyer credit (Form 8859, line 11)	
6h	Foreign tax credit	
6i	Possessions tax credit (Form 5735, line 17 or 27)	
6j	Credit for fuel from a nonconventional source	
6k	Qualified electric vehicle credit (Form 8834, line 19)	
6l	Add lines 6a through 6k	

7 Net regular tax. Subtract line 6l from line 5 **7**

8 Alternative minimum tax:

- Individuals. Enter amount from Form 6251, line 28
- Corporations. Enter amount from Form 4626, line 15
- Estates and trusts. Enter amount from Form 1041, Schedule I, line 39

9 Net income tax. Add lines 7 and 8 **9**

10 Tentative minimum tax (see instructions):

- Individuals. Enter amount from Form 6251, line 26
- Corporations. Enter amount from Form 4626, line 13
- Estates and trusts. Enter amount from Form 1041, Schedule I, line 37.

11 If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions). **11**

12 Enter the greater of line 10 or line 11. **12**

13 Subtract line 12 from line 9. If zero or less, enter -0- **13**

14 **Welfare-to-work credit allowed for current year.** Enter the **smaller** of line 4 or line 13 here and on Form 1040, line 47; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; Form 1041, Schedule G, line 2c; or the applicable line of your return **14**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

A Change To Note

The Tax Relief Extension Act of 1999 extended the welfare-to-work credit to cover individuals who begin work for the employer before January 1, 2002.

Purpose of Form

Use Form 8861 to claim the welfare-to-work credit for wages you paid or incurred to long-term family assistance recipients during the tax year. Only wages paid or incurred to individuals who began working for you after 1997 can be used to figure the credit. The credit is 35% of qualified first-year wages and 50% of qualified second-year wages paid or incurred during the tax year.

You can claim or elect not to claim the welfare-to-work credit any time within 3 years from the due date of your return on either your original return or on an amended return.

How To Claim the Credit

To claim the welfare-to-work credit, the employer must request and be issued a certification for each employee from the state employment security agency (SESA). The certification proves that the employee is a long-term family assistance recipient. The employer must receive the certification by the day the individual begins work, or must complete **Form 8850**, Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits, by the day the employer offers the individual a job.

If the employer completes Form 8850, it must be signed by the individual and the employer and submitted to the SESA by the 21st day after the the individual begins work. If the SESA denies a certification request, it will provide a written explanation of the reason for denial. If a certification is revoked because it was based on false information provided by the worker, wages paid after the date the notice of revocation is received by the employer do not qualify for the credit.

An employee may be certified as a long-term family assistance recipient if he or she is a member of a family that:

- Received assistance payments from Aid to Families with Dependent Children (AFDC) or its successor program, Temporary Assistance for Needy Families (TANF), for at least 18 consecutive months ending on the hiring date, or
- Received assistance payments from AFDC or TANF for any 18 months (whether or not consecutive) beginning after August 5, 1997, or
- After August 5, 1997, stopped being eligible for assistance payments from AFDC or TANF because Federal or state law limits the maximum period such assistance is payable, and the employee is hired not more than 2 years after the date the eligibility for such assistance ended.

Specific Instructions

Note: If you only have a credit allocated to you from a flow-through entity, skip lines 1 and 2 and go to line 3.

Line 1. Enter on the applicable line and multiply by the percentage shown the total qualified first-year or second-year wages paid or incurred to employees certified as long-term family assistance recipients and who began work for you after 1997.

Qualified first-year wages are qualified wages for work performed during the 1-year period beginning on the date the individual begins work for you. Qualified second-year

wages are qualified wages for work performed during the 1-year period beginning on the day after the last day of the first-year wage period. The following rules apply in determining **qualified wages**.

- Only the first \$10,000 of wages paid or incurred during the tax year for each employee is taken into account.
- Wages qualifying for the credit generally have the same meaning as wages subject to the Federal Unemployment Tax Act (FUTA) (but without regard to any dollar limitation). For agricultural employees, if the work performed by any employee during more than half of any pay period qualifies under FUTA as agricultural labor, the first \$10,000 of that employee's wages subject to social security and Medicare taxes is taken into account. For a special rule that applies to railroad employees, see section 51A(b)(5)(C).
- Wages include amounts paid or incurred by the employer and excludable from the recipient's income as:
 1. Amounts received under accident and health plans (section 105).
 2. Employer contributions to accident and health plans (section 106).
 3. Educational assistance (section 127) if paid or incurred to a person not related to the employer.
 4. Dependent care benefits (section 129).

The amount treated as wages under section 105 or 106 must be based on the reasonable cost of coverage (but may not exceed the "applicable premium" under section 4980B(f)(4)).

- More than half the wages received from you must be for working in your trade or business.
- You may not claim a credit on wages that were paid to any employee during any period for which you received payment for the employee from a federally funded on-the-job training program.
- Any work supplementation payments you received under the Social Security Act reduce the amount of wages qualifying for the credit.
- The employee cannot be your relative or dependent. See section 51(i) for other restrictions.
- The employee cannot be your rehired employee if he or she was not a long-term family assistance recipient when employed earlier. An employee who began work for you after June 30, 1999, must not have worked for you previously.
- The employee must have worked for you for at least 180 days or completed at least 400 hours of service.
- The wages cannot be for services of replacement workers during a strike or lockout.

Special instructions for controlled group members. The group member proportionately contributing the most first-year wages figures the group credit in Part I and skips Part II. See sections 52(a) and 1563. On separate Forms 8861, that member and every other member of the group should skip line 1 and enter its share of the group credit on line 2. Each member then completes lines 3, 4, and 5 through 14 (or Form 3800, if required) on its separate form. Each member must attach to its Form 8861 a schedule showing how the group credit was divided among all the members. The members share the credit in the same proportion that they contributed qualifying wages.

Line 2. In general, you must reduce your deduction for salaries and wages by the amount on line 2. This is required even if you cannot take the full credit this year and must carry part of it back or forward.

The exceptions to this rule are:

- You capitalized any salaries and wages on which you figured the credit. In this case, reduce your depreciable basis by the amount of the credit on those salaries and wages.

- You used the full absorption method of inventory costing that required you to reduce your basis in inventory for the credit.

If either of the above exceptions applies, attach a statement explaining why the line 2 amount differs from the amount by which you reduced your deduction.

Line 3. Enter the amount of credit that was allocated to you as a shareholder, partner, beneficiary, or patron of a cooperative.

Line 4. If you have a credit from a passive activity, stop here and go to Form 3800.

S corporations and partnerships. Prorate the credit on line 4 among the shareholders and partners. Attach Form 8861 to the return and on Schedule K-1 show the credit for each shareholder or partner. Electing large partnerships, include this credit in "general credits."

Estates and trusts. The credit on line 4 is allocated between the estate or trust and the beneficiaries in proportion to the income allocable to each. On the dotted line next to line 4, the estate or trust should enter its part of the total credit. Label it "1041 PORTION" and use this amount in Part II (or Form 3800, if required) to figure the credit to claim on Form 1041.

Cooperatives. Most tax-exempt organizations cannot take the credit; but a cooperative described in section 1381(a) takes the credit to the extent it has tax liability. Any excess is shared among its patrons.

Regulated investment companies and real estate investment trusts. Reduce the allowable credit to the company's or trust's ratable share of the credit. For details, see Regulations section 1.52-3(b).

Who Must File Form 3800

Complete **Form 3800**, General Business Credit, instead of completing Part II of Form 8861, to figure the tax liability limitation if for this year you have:

- More than one of the credits included in the general business credit listed below,
- A carryback or carryforward of any of the credits,
- A credit from a passive activity, or
- General credits from an electing large partnership (Schedule K-1 (Form 1065-B)).

The general business credit consists of the following credits:

- Investment (Form 3468),
- Work opportunity (Form 5884),
- Welfare-to-work (Form 8861),
- Alcohol used as fuel (Form 6478),
- Research (Form 6765),
- Low-income housing (Form 8586),
- Enhanced oil recovery (Form 8830),
- Disabled access (Form 8826),
- Renewable electricity production (Form 8835),

- Indian employment (Form 8845),
- Employer social security and Medicare taxes paid on certain employee tips (Form 8846),
- Orphan drug (Form 8820),
- Contributions to selected community development corporations (Form 8847), and
- Trans-Alaska pipeline liability fund.

The empowerment zone employment credit (Form 8844), while a component of the general business credit, is figured separately on Form 8844 and is never carried to Form 3800.

Line 10. Although you may not owe alternative minimum tax (AMT), you generally must still compute the tentative minimum tax (TMT) to figure your credit. For a small corporation exempt from the AMT under section 55(e), enter zero. Otherwise, complete **and** attach the applicable AMT form or schedule and enter the TMT on line 10.

Line 11. See section 38(c)(3) for special rules that apply to married couples filing separate returns, controlled corporate groups, regulated investment companies, real estate investment trusts, and estates and trusts.

Line 14. If you cannot use part of the credit because of the tax liability limit (line 13 is smaller than line 4), carry it back 1 year, then forward 20 years. See the Instructions for Form 3800 for details.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping 7 hr., 39 min.

Learning about the law or the form 1 hr., 5 min.

Preparing and sending the form to the IRS 1 hr., 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.



**Interest Computation Under the Look-Back Method for
Property Depreciated Under the Income Forecast Method**

▶ See separate instructions. ▶ Please print or type.

OMB No. 1545-1622

Attachment
Sequence No. **108**

For the recomputation year beginning , and ending . See instructions.

Name		A Identifying number
Fill In Your Address Only If You Are Filing This Form Separately and Not With Your Tax Return	Number, street, and apt., room, or suite no. If a P.O. box, see instructions.	B Check applicable box to show type of taxpayer: <input type="checkbox"/> Corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Estate or trust
	City or town, state, and ZIP code. If a foreign address, see instructions.	

C If you were an owner of an interest in a pass-through entity (such as a partnership or an S corporation) that depreciated one or more properties to which this interest computation relates, enter the name and employer identification number of the entity. Attach a schedule if there is more than one such entity.

Name of entity

Employer identification number

	Date of each prior year to which interest computation relates:			(d) Totals (Add columns (a), (b), and (c).)
	(a) Year ended mo. yr.	(b) Year ended mo. yr.	(c) Year ended mo. yr.	
Pass-through entities: Skip lines 1, 3, 4, and 5.				
1 Taxable income (or loss) for the prior year(s) shown on tax return (or as previously adjusted) before net operating loss or capital loss carrybacks (other than carrybacks that must be taken into account to properly compute interest under section 167(g)). See instructions. If you were required to file Form 8866 for an earlier year, enter adjusted taxable income for the prior year(s) from Form 8866, line 3, for the most recent recomputation year that affects the prior year(s) .				
2 Adjustment to taxable income to reflect the difference between: (a) the amount of depreciation deducted under the income forecast method based on estimated future income and (b) the amount of depreciation allowable under the income forecast method based on actual income earned for periods before the end of the recomputation year and estimated future income to be earned after the recomputation year. See instructions and attach a schedule listing each separate property, unless you were an owner of an interest in a pass-through entity reporting this amount from Schedule K-1 or a similar statement				
3 Adjusted taxable income for look-back purposes. Combine lines 1 and 2				
4 Income tax liability on line 3 amount using tax rates in effect for the prior year(s). See instructions				
5 Income tax liability shown on return (or as previously adjusted) for the prior year(s). See instructions. If you were required to file Form 8866 for an earlier year, enter the amount required to be reported on Form 8866, line 4, for the most recent recomputation year that affects the prior year(s) .				
6 Increase (or decrease) in tax for the prior year(s) on which interest is due (or is to be refunded). Subtract line 5 from line 4. (Pass-through entities: See instructions.)				
7 Interest due on increase, if any, shown on line 6. See instructions for computation				
8 Interest to be refunded on decrease, if any, shown on line 6. See instructions for computation				
9 Net amount of INTEREST TO BE REFUNDED TO YOU . If line 8, column (d), exceeds line 7, column (d), enter the excess. File Form 8866 separately; DO NOT attach it to your tax return. See instructions				
10 Net amount of INTEREST YOU OWE . If line 7, column (d), exceeds line 8, column (d), enter the excess. Attach Form 8866 to your tax return. See instructions for where to include this amount on your return				

**Sign Here Only If
You Are Filing This
Form Separately
and Not With Your
Tax Return**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature(s) ▶ Date

Paid Preparer's Use Only	Preparer's signature ▶	Date	Check if self-employed ▶ <input type="checkbox"/>	Preparer's social security number
	Firm's name (or yours if self-employed) and address ▶	EIN ▶ :		ZIP code ▶



**U.S. Partnership Declaration and
Signature for Electronic Filing**

OMB No. 1545-0970

Department of the Treasury
Internal Revenue Service

For calendar year 1999, or fiscal year beginning....., 1999, and ending.....,

1999

▶ See instructions on back.

Name of partnership

Employer identification number

Part I Partnership Return Information

1	Gross receipts or sales less returns and allowances (Form 1065, line 1c)	1	
2	Gross profit (Form 1065, line 3)	2	
3	Ordinary income (loss) from trade or business activities (Form 1065, line 22)	3	
4	Net income (loss) from rental real estate activities (Form 1065, Schedule K, line 2)	4	
5	Net income (loss) from other rental activities (Form 1065, Schedule K, line 3c)	5	

Part II Declaration of General Partner or Limited Liability Company Member

Please Sign Here	Under penalties of perjury, I declare that the above amounts (or the amounts on the attached listing) agree with the amounts shown on the corresponding lines of the electronic portion of the 1999 U.S. Partnership Return(s) of Income. I have also examined a copy of the return(s) being filed electronically with the Internal Revenue Service, and all accompanying schedules and statements. To the best of my knowledge and belief, they are true, correct, and complete. If I am not the transmitter, I consent that the return(s), including this declaration and accompanying schedules and statements, be sent to the Internal Revenue Service by the return transmitter. I also consent to the IRS' sending the ERO and/or transmitter an acknowledgment of receipt of transmission and an indication of whether or not the return is accepted, and, if rejected, the reason(s) for the rejection.	
	▶ Signature of general partner or limited liability company member	▶ Date

Part III Declaration of Electronic Return Originator (ERO) and Paid Preparer See instructions.

ERO's Use Only	I declare that I have reviewed the above partnership return(s) and that the entries on Form 8453-P are complete and correct to the best of my knowledge. If I am only a collector, I am not responsible for reviewing the return(s), and only declare that this form accurately reflects the data on the return(s). A general partner or limited liability company member will have signed this form before I submit the return(s). I will give the general partner or limited liability company member a copy of all forms and information to be filed with the IRS, and have followed all other requirements described in Pub. 1524 , Procedures and Specifications for Electronic Filing of Form 1065, U.S. Partnership Return of Income for Tax Year 1999. If I am also the Paid Preparer, under penalties of perjury I declare that I have examined the above partnership return(s) and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.			
	ERO's signature ▶	Date	Check if also paid preparer ▶ <input type="checkbox"/>	Check if self-employed ▶ <input type="checkbox"/>
Paid Preparer's Use Only	Firm's name (or yours if self-employed) and address ▶		ERO's SSN or PTIN	
			EIN ▶	
			ZIP code ▶	
	Under penalties of perjury, I declare that I have examined the above partnership return(s) and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer is based on all information of which the preparer has any knowledge.			
Paid Preparer's Use Only	Preparer's signature ▶	Date	Check if self-employed ▶ <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed) and address ▶		EIN ▶	
			ZIP code ▶	

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 13880C

Form **8453-P** (1999)

A Change To Note

For tax years ending on or after December 31, 1999, partnerships will **no** longer be able to:

- Submit their returns on magnetic tape or diskette;
- Use the Remote Bulletin Board System; Transmit their returns using the dial up MITRON communications device; or
- Use the "Paper-Parent Option."

However, qualified partnerships or transmitters can file Form 1065, Schedules K-1 (Form 1065), and related forms and schedules electronically.

Purpose of Form

Use Form 8453-P to:

- Authenticate the electronic **Form 1065**, U.S. Partnership Return of Income;
- Serve as a transmittal for any accompanying paper schedules and statements; and
- Authorize the electronic filer to transmit via a third-party transmitter.

Caution: *A tax return is not considered filed unless it is signed. Form 8453-P is the signature document that completes the filing of the Form(s) 1065 filed electronically.*

Who Must File

Every partnership filing a 1999 Form 1065 electronically must file a signed Form 8453-P.

Signature For Multiple-Return Filing

A single signature may be used for a multiple-return filing if the person signing for the partnerships is authorized to sign each return. The signer must attach a multiple-return information listing according to the instructions in **Pub. 1524**, Procedures and Specifications for Electronic Filing of Form 1065, U.S. Partnership Return of Income for Tax Year 1999. **Do not** enter totals from multiple returns on lines 1 through 5.

Where To File

Internal Revenue Service Center
P.O. Box 1898
Memphis, TN 38101

When To File

A partnership must file its return of income by the 15th day of the 4th month following the close of the partnership's tax year. This filing date also applies to returns filed electronically. For returns filed electronically, the transmitter must send the signed Form 8453-P within 1 business day after the electronic transmission has been accepted.

Declaration of Electronic Return Originator (ERO) and Paid Preparer

The ERO is one who deals directly with the partnership and either prepares tax returns or collects prepared tax returns, including Forms 8453-P, for partnerships that wish to have their returns electronically filed. The ERO's signature is required by the IRS.

A paid preparer who is not also the ERO must sign Form 8453-P in the space for **Paid Preparer's Use Only**. A paid preparer who is also the ERO should instead check the box in the **ERO's Use Only** section labeled "Check if also paid preparer."

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	7 min.
Learning about the law or the form	5 min.
Preparing the form	20 min.
Copying, assembling, and sending the form to the IRS	17 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. **DO NOT** send Form 8453-P to this address. Instead, see **Where To File** on this page.

